

Sunnyside Gold Corporation

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Animas River Stakeholders Group
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Re: Memorandum and Report - Animas River Water Quality

Dear Co-Coordinators:

Sunnyside Gold Corporation is committed to continuing to act as a catalyst to further the collaborative effort of the Animas River Stakeholders Group to improve water quality and habitats in the Animas River. We have commissioned and are submitting the enclosed Technical Memorandum and Report to contribute to the collaborative effort.

Sunnyside views it to be essential for the Animas River Stakeholders Group to accurately understand of the sources of metals loading in the Animas River in the Silverton area. The enclosed Technical Memorandum: *Mass Loading Analysis* summarizes work done by Geochimica at the request of Sunnyside to contribute to such understanding. The Memorandum

confirms that Cement Creek and certain adits in the Cement Creek drainage significantly contribute to metals loading in the Animas.

Given the significant metals loading from Cement Creek, Sunnyside views it to be important that the Animas River Stakeholders Group determine an efficient and cost effective methodology or methodologies to treat waters in the Cement Creek drainage. The enclosed Report: *Evaluation of Certain Selected Conventional Treatment Alternatives – Cement Creek* was prepared by MWH at Sunnyside's request and evaluates four proven treatment alternatives. It is not the purpose of the Report to suggest the ultimate determination of what may be the best methodology or alternative. Rather, it is the goal of the Report to set forth four feasible alternatives against which other methodologies or alternatives may be measured.

We will plan to distribute copies of the Technical Memorandum and the Report at the upcoming meeting of the Animas River Stakeholders Group. Sunnyside is hopeful that these papers will serve as stepping stones on the path to improving water quality and habitats in the Animas River.

Sincerely,



Sunnyside Gold Corporation
Larry Perino
Reclamation Manager

Cc: Lauren M. Roberts
Greg V. Etter
Encs.